



**PICK-SLOAN MISSOURI BASIN PROGRAM  
CUSTOMER RATE BROCHURE**

**PROPOSED  
FIRM ELECTRIC SERVICE  
2006 RATE ADJUSTMENT**

**JUNE 2005**

## Contact Information

Mr. Robert J. Harris  
Regional Manager  
Upper Great Plains Region  
Western Area Power Administration  
2900 4<sup>th</sup> Avenue North  
Billings, MT 59101-1266  
Telephone (406) 247-7404  
Email: [rharris@wapa.gov](mailto:rharris@wapa.gov)

Mr. Robert F. Riehl  
Power Marketing Manager  
Upper Great Plains Region  
Western Area Power Administration  
2900 4<sup>th</sup> Avenue North  
Billings, MT 59101-1266  
Telephone (406) 247-7394  
Email: [riehl@wapa.gov](mailto:riehl@wapa.gov)

Mr. Jon R. Horst  
Rates Team Lead  
Upper Great Plains Region  
Western Area Power Administration  
2900 4<sup>th</sup> Avenue North  
Billings, MT 59101-1266  
Telephone (406) 247-7444  
Email: [horst@wapa.gov](mailto:horst@wapa.gov)

Ms. Linda L. Cady-Hoffman  
Rates Analyst  
Upper Great Plains Region  
Western Area Power Administration  
2900 4<sup>th</sup> Avenue North  
Billings, MT 59101-1266  
Telephone (406) 247-7439  
Email: [cady@wapa.gov](mailto:cady@wapa.gov)

## Materials Posted on Website

<http://www.wapa.gov/ugp/rates/2006FirmRateAdj>

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## I. INTRODUCTION

This brochure provides information on Western Area Power Administration's (Western) proposed firm power rate adjustment for the Pick-Sloan Missouri Basin Program (P-SMBP). The rate adjustment procedures are outlined in Appendix A to this brochure.

The Fiscal Year (FY) 2004 repayment analysis for the P-SMBP indicates a need to adjust the existing firm electric service rates. To meet those requirements, the Pick-Sloan Missouri Basin Program-Eastern Division (P-SMBP-ED) and the Loveland Area Projects, which includes Pick-Sloan Missouri Basin Program-Western Division (P-SMBP-WD), have proposed rate adjustments. The Loveland Area Projects rate adjustment has been proposed in a separate public process. Western is proposing a two-step rate adjustment. Under a two-step method, the P-SMBP-ED rates for firm electric service will result in an overall composite rate increase of approximately 11.9% effective on January 1, 2006, and another 5.8% effective on January 1, 2007, for a total increase of approximately 18.4%. The proposed P-SMBP-ED firm electric service rates are as follows:

<b>Firm Electric Service</b>	<b>Existing Rates</b>	<b>First Step Rates Jan. 1, 2006</b>	<b>Percent Change</b>	<b>Second Step Rates Jan. 1, 2007</b>	<b>Percent Change</b>
P-SMBP--ED Revenue Requirement	\$160.1 million	\$179.4 million	12.1%	\$189.9 million	5.9%
P-SMBP--ED Composite Rate	16.51 mills/kWh	18.47 mills/kWh	11.9%	19.54 mills/kWh	5.8%
Firm Capacity	\$3.72/kWmonth	\$4.20/kWmonth	12.9%	\$4.45/kWmonth	6.0%
Firm Energy	9.62 mills/kWh	10.69 mills/kWh	11.1%	11.29 mills/kWh	5.6%

<b>Firm Electric Service</b>	<b>Existing Rates</b>	<b>First Step Rates Jan. 1, 2006</b>	<b>Percent Change</b>	<b>Second Step Rates Jan. 1, 2007</b>	<b>Percent Change</b>
Tiered > 60 Percent Load Factor	5.21 mills/kWh	5.21 mills/kWh	0.0%	5.21 mills/kWh	0.0%
Firm Peaking Capacity	\$3.72/kWmonth	\$4.20/kWmonth	12.9%	\$4.45/kWmonth	5.9%
Firm Peaking Energy 1/	9.62 mills/kWh	10.69 mills/kWh	11.1%	11.29 mills/kWh	5.6%

1/ Firm Peaking Energy is normally returned. This rate will be assessed in the event Firm Peaking Energy is not returned.

The proposed rate adjustment is scheduled to become effective on an interim basis on the first day of the January 2006 billing period.

During the informal information discussions, Western received requests from the Firm Peaking customers and others to reconsider the Firm Peaking rate design. Concern has been expressed by the Firm Peaking customers and others in the informal discussions for this rate adjustment as well as in past rate processes. The concern centers on assignment of costs associated with the drought. The Firm Peaking Power customers and others have suggested some alternatives for consideration by Western. **In response to those suggestions, Western prepared an alternative proposal, the Firm Peaking Capacity Design Alternative, for consideration and comment in this public process.**

Although the two-step rate adjustment in Table 1 is the option being proposed, maintaining equity among products and rates is in Western's interest. **Therefore, Western is soliciting comments on equity among products and comments with supporting information for or against the Firm Peaking Capacity Design**

**Alternative.** In this alternative, the Firm Peaking capacity rate is 13.9 percent less than the Firm Power capacity rate. The impact on the Firm Power revenue requirement is approximately a 1 percent increase. The table in Exhibit 5 shows the impact of the proposed alternative to firm power customers. Below are the comparative changes in the rates between the proposed two-step rate adjustment and the Firm Peaking Capacity Design Alternative. The Firm capacity rate would increase from 12.9 percent to 16.1 percent in the first step and the second step would be an additional 6.0 percent in both proposals. The Firm Energy rate would remain the same with an 11.1 percent increase in the first step and a 5.6 percent increase in the second step. The proposed rates provided under this alternative are included in Table 2 below.

<b>Firm Electric Service</b>	<b>Existing Rates</b>	<b>First Step Rates Jan. 1, 2006</b>	<b>Percent Change</b>	<b>Second Step Rates Jan. 1, 2007</b>	<b>Percent Change</b>
P-SMBP--ED Revenue Requirement	\$160.1 million	\$179.4 million	12.1%	\$189.9 million	5.9%
P-SMBP--ED Composite Rate	16.51 mills/kWh	18.71 mills/kWh	13.3%	19.79 mills/kWh	5.8%
Firm Capacity	\$3.72/kWmonth	\$4.32/kWmonth	16.1%	\$4.58/kWmonth	6.0%
Firm Energy	9.62 mills/kWh	10.69 mills/kWh	11.1%	11.29 mills/kWh	5.6%
Tiered > 60 Percent Load Factor	5.21 mills/kWh	5.21 mills/kWh	0%	5.21 mills/kWh	0%
Firm Peaking Capacity	\$3.72/kWmonth	\$3.72/kWmonth	0%	\$3.94/kWmonth	5.9%
Firm Peaking Energy 1/	9.62 mills/kWh	10.69 mills/kWh	11.1%	11.29 mills/kWh	5.6%

1/ Firm Peaking Energy is normally returned. This rate will be assessed in the event Firm Peaking Energy is not returned.

The major factors contributing to the proposed rate adjustment are the economic impact of the drought, increased operation and maintenance (O&M) and other annual expenses, increased investments, and increased interest expense associated with deficits. Based on

customer feedback, the studies have also been adjusted to account for a calendar year implementation vs. a fiscal year implementation. Detailed discussions of these factors are included in Section II below.

## II. PICK-SLOAN MISSOURI BASIN PROGRAM POWER REPAYMENT STUDY

A Power Repayment Study (PRS) for the P-SMBP is prepared annually by Western with the cooperation of the Bureau of Reclamation (Reclamation) and the Corps of Engineers (Corps). Basic river basin hydrology, water depletions, power generation, and project development data and cost information are among the contributions made by Reclamation and the Corps. Power repayment studies are prepared in accordance with authorizing legislation and with Department of Energy (DOE) Order No. RA 6120.2 (Power Marketing Administration Financial Reporting).

The PRS summarizes historic income, expenses, and investment to be repaid from power revenues. They also estimate income, expenses, and investments for future years. The PRS shows the application of revenues, as well as the annual repayment of power system production and transmission costs, and displays other costs assigned to power for repayment. Total Federal investment remaining to be repaid over the repayment period or service life is also shown.

Revenues, expenses, and investments are entered into the PRS from historical data and from short-term, future budget estimates. These figures are then used to estimate long-term projections of revenues and expenses.

The PRS is used to determine if power revenues are sufficient to pay all project costs allocated to power for repayment within the appropriate repayment period. The PRS first



applies revenue to payment of total annual expenses (O&M, purchased power and transmission, and interest). Next, revenues are applied toward investments in the following order: required payments (payments at the end of their repayment period), deficits (capitalized expenses and required payments from years when revenues did not cover all expenses), and discretionary principal payments (payments on investments that are not at the end of their repayment period). Discretionary principal payments are generally made first to investments having the highest interest rate. For more information on Western's rate setting procedures, see the Power Rate Setting & Repayment Brochure at <http://www.wapa.gov/ugp/rates/2006RateAdj/information.htm>.

The following is a discussion of the factors putting upward pressure on the firm power rate.

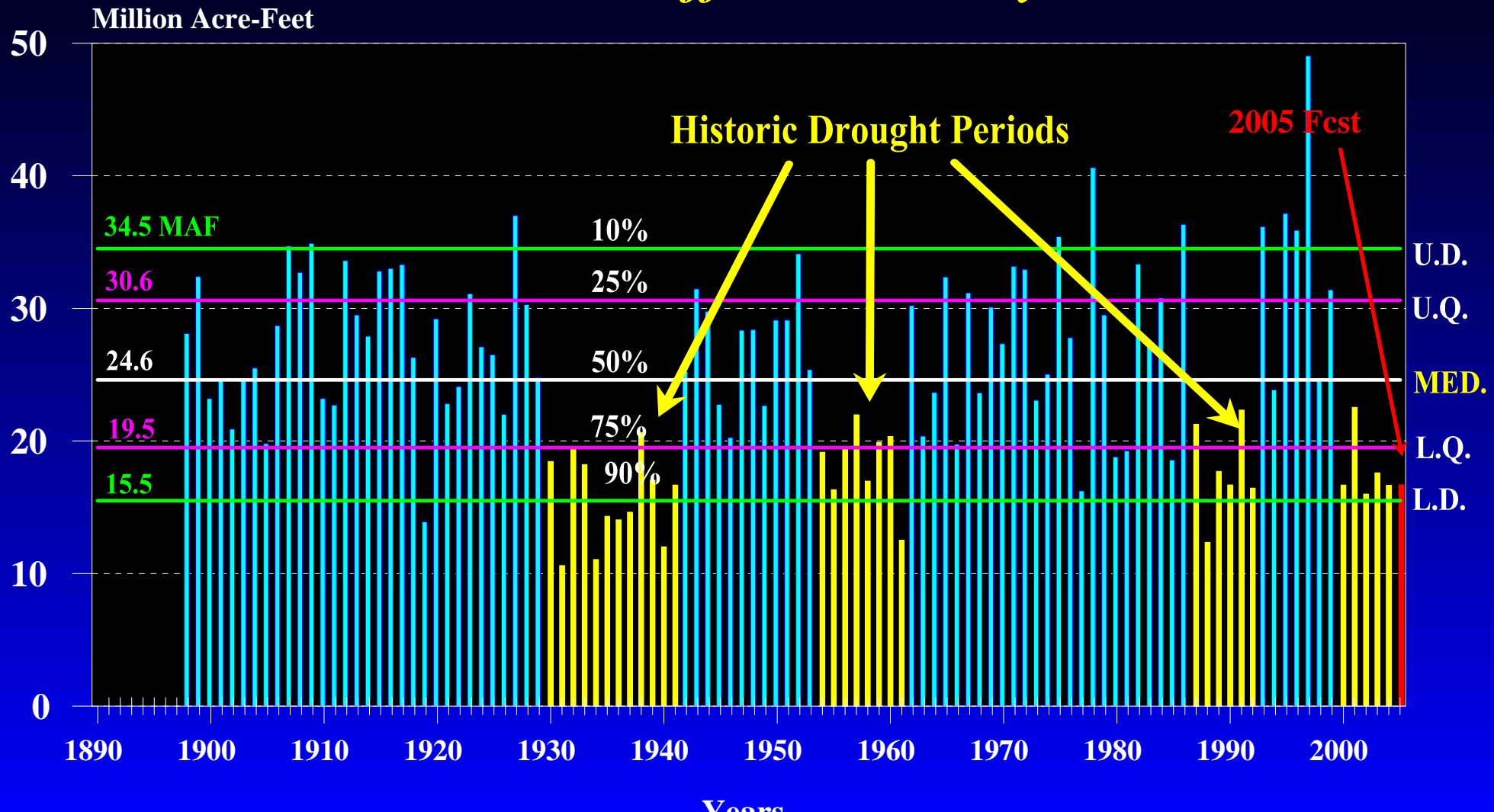
#### 1. Drought

The Missouri River Main Stem, which is the portion of the river basin associated with the P-SMBP-ED, is in its 6<sup>th</sup> year of drought, which has resulted in reduced hydro-power generation. Reduced generation causes purchased power expense to increase and revenue from non-firm energy sales to decrease. The graph on the following page shows the Missouri Main Stem Runoff at Sioux City, IA, including the historic drought periods. Note that the last drought period was from 1987 through 1992. There were P-SMBP rate increases every year from 1989 through 1992, in addition to the rate adjustment in 1994. The current drought was the primary basis for our 2004 rate adjustment as it is with our proposed rate adjustment and has continued resulting in the proposed 2006 rate adjustment. In general, rate increases are directly related to periods of drought where

Western must purchase power on the open market at rates much higher than our rates to meet our firm obligations. Purchase power costs are the primary component to this rate adjustment making up 2.37 mills/kwh of the proposed 3.03 mills/kwh increase. The following table highlights the current and historical droughts on the Missouri River Main Stem:

# Missouri River Main Stem Annual Runoff at Sioux City, Iowa

## *Missouri River Mainstem Annual Runoff at Sioux City, Iowa*



Historically rate adjustments have been associated with drought conditions in the Pick-Sloan, the following chart shows the historical P-SMBP-ED rates:

### Pick-Sloan Missouri Basin Program Firm Power Rate History

Rate Schedule	Study Year	Effective Date	Capacity Charge (\$/kW-M)	Energy Charge (m/kWh)	Tip-Up (M/kWh)
MRB-F1		4/1/1950	0.75	3.00	None
MRB-F4		1/1/1954	0.75	3.00	None
MRB-F5		9/1/1965	1.00	3.00	None
UM-F1	FY72	4/1/1974	1.15	3.00	2.00
UM-F2	FY74	6/1/1977	1.20	3.17	2.01
P-SED-F1	FY80	8/1/1982	1.35	3.62	3.38
P-SED-F2	FY82	1/1/1985	1.65	4.41	3.38
P-SED-F3	FY87	10/1/1989	1.85	5.06	3.38
	FY89				
P-SED-F4	Step 1	10/1/1990	2.25	5.57	3.38
	Step 2		2.35	5.81	3.38
	FY90				
P-SED-F5	Step 1	10/1/1991	2.57	6.49	3.38
	Step 2	10/1/1992	2.74	7.09	3.38
	FY 92				
P-SED-F6	Step 1	2/1/1994	3.00	7.76	3.38
	Step 2	10/1/1994	3.20	8.32	3.38
	FY 03				
P-SED-F7	Step 1	2/1/2004	3.62	9.34	5.21
	Step 2	10/1/2004	3.72	9.62	5.21

**Pick-Sloan Missouri Basin Program  
Firm Peaking Power Rate History**

<b>Schedule</b>	<b>Study Year</b>	<b>Effective Date</b>	<b>Capacity Charge (\$/kW-M)</b>	<b>Energy Charge (m/kWh)</b>
MRB-FP1		7/1/1969	1.00	3.00
UM-FP1	FY72	4/1/1974	1.10	3.25
UM-FP3	FY74	6/1/1977	1.20	3.33
P-SED-FP1	FY80	8/1/1982	1.35	3.62
P-SED-FP2	FY82	1/1/1985	1.65	4.41
P-SED-FP3	FY87	10/1/1989	1.85	5.06
	FY89			
P-SED-FP4	Step 1	10/1/1990	2.25	5.57
	Step 2		2.35	5.81
	FY90			
P-SED-FP5	Step 1	10/1/1991	2.57	6.49
	Step 2	10/1/1992	2.74	7.09
	FY 92			
P-SED-FP6	Step 1	2/1/1994	3.00	7.76
	Step 2	10/1/1994	3.20	8.32
	FY 03			
P-SED-FP7	Step 1	2/1/2004	3.62	9.34
	Step 2	10/1/2004	3.72	9.62

## 2. O&M and Other Annual Expenses

The routine O&M in the “out-year” in the current PRS has increased approximately 8 percent over the routine O&M in the “out-year” in the PRS that set the October 1, 2004, rate. This increase in O&M between the 2004 Rate Setting PRS and the 2006 Rate Setting PRS is mostly related to normal inflation. In the 2006 Rate Setting PRS, the O&M costs in FY 2007 through FY 2010 have been escalated at 3% per year.

The following table summarizes the other annual expenses that have changed in the PRS since the last rate adjustment.

<b>Annual Expense</b>	<b>FY 04 Rate Setting PRS</b>	<b>FY 2006 Rate Setting PRS</b>	<b>Difference</b>
Transmission Expense	\$13.4 million	\$17.5 million	\$4.1 million
Unrecovered Employee Benefits	\$4.3 million	\$4.8	\$.5 million
CME Depreciation	\$5.4 million	\$4.9	\$(.5) million

Transmission expense, including transmission discounts, has increased since the last rate adjustment. This increase has been due in part (\$500,000 per year) to the power function paying for transmission to irrigation loads. The rest of the increase is due to normal inflation in costs as well as moving from taking service under old transmission agreements to taking service under Open Access Transmission Tariffs.

Un-recovered employee benefits include payments for employee health and life insurance benefits for Western as well as for Reclamation and the Corps. CSRS costs and unrecovered employee benefits were included in the FY 2004 Rate Setting PRS.

Depreciation on capitalized moveable equipment (CME) became an annual cost in the PRS as a result of an audit finding. It is projected for the first 10 future years in the PRS.

### 3. Power Investment

To compare power investment (replacements and additions) in the current PRS with the power investment in the last rate setting PRS, the cumulative investment in the year 2103 should be compared in both studies since that was the last year in the FY 2004 Rate Setting PRS. In the 2004 rate setting study, cumulative power investment in 2103 was \$4.689 billion. In the current rate setting PRS, cumulative power investment is \$4.999 billion in the year 2103. This increase is due mainly to the estimated unaudited historical financial data used in the 2004 Rate Setting PRS. Since the 2004 Rate Setting PRS, this data has been audited. The 2006 Rate Setting PRS includes power investments through 2104.

### 4. Deficits and Interest Expense

P-SMBP has incurred significant deficits due to the drought increasing purchased power expense and decreasing non-firm sales revenue. Approximately \$224 million in capitalized deficits have accrued from FY 2001 through FY 2004. Based on current hydrological forecasts, an additional \$156 million in deficits is projected to accrue in FY 2005, FY 2006 and FY 2007 for cumulative deficits of approximately \$380 million. Deficits are capitalized each year at the interest rate in effect in that year, 4.875 percent in the year 2004 and 5.125 percent from the year 2005 to the end of the study. In the

current PRS, the P-SMBP incurs approximately \$72 million in interest expense on the deficits associated with the current drought. With the projected deficits, this interest expense increases through 2007 and then decreases as Western repays the deficits. In the current PRS, it is projected that deficit repayment will begin in FY 2008 and end in FY 2017.

### III. PICK-SLOAN MISSOURI BASIN PROGRAM-EASTERN DIVISION FIRM ELECTRIC SERVICE RATES

The current rates of \$3.72 per kilowattmonth (kWmo) and 9.62 mills per kilowatthour (mills/kWh) were placed in effect in the October 2004 billing period and approved by the Federal Energy Regulatory Commission (FERC) on a final basis on December 23, 2004, FERC Docket No. EF04-5031-000 (109 FERC 62,234). The rates are currently set to expire on December 31, 2008. The 2006 Rate Setting Power Repayment Study was solved with the presumption that we are projecting deficits in the year 2005, 2006 and 2007 to hold our rate increase to marketable level. Should water conditions worsen in the coming year an additional rate increase will likely be necessary. However, should water conditions improve significantly our proposed rate is not going to be over recovering.

- A. Proposed P-SMBP-ED Firm Electric Service Rates: The P-SMBP-ED firm electric service rates were developed from the revenue requirement calculated in the 2006 Rate Setting Power Repayment Study for the Pick-Sloan Missouri Basin Program. The proposed rates are \$4.20 per kWmo for firm capacity and 10.69



mills/kWh for energy, and are to be implemented in the first full billing period beginning on or after January 1, 2006.

1. Revenue Requirement: The present annual revenue requirement for P-SMBP-ED firm power is \$160.1 million, and is based on the current firm P-SMBP-ED composite rate of 16.51 mills/kWh and projected energy sales of 8,721 GWh. The proposed revenue requirement for P-SMBP-ED firm power second step of the rate adjustment is \$189.8 million, which is based on the proposed firm P-SMBP-ED composite rate of 19.54 mills/kWh and projected energy sales of 8,742 GWh.
  - a. There are two other components to the P-SMBP-ED revenue requirement. The first is the 5% voltage discount, which is approximately \$7.5 million. This is calculated by multiplying 5% by the percentage of gross revenue that is discounted (86.8%) by the firm revenue requirement of \$170.8 million. The second is the firm peaking revenue requirement which is \$19.0 million. This is calculated by multiplying the monthly firm peaking CRODs by 12 months by the proposed capacity rate of \$4.45/kWmo. The total P-SMBP-ED revenue requirement is \$189.9 million.
2. Rate Design: The proposed P-SMBP-ED firm electric service rate is designed to recover 50% of the revenue requirement from the capacity rate and 50% from the energy rate. The capacity rate of \$4.45 per kWmo is calculated by

dividing 50% of the total annual revenue requirement by the number of billing units (kWmo) in a year. The energy rate of 11.29 mills/kWh is calculated by dividing 50% of the total annual revenue requirement by the annual energy sales. The capacity rate is applied to both firm power and firm peaking power. The energy rate is applied to firm energy and firm peaking energy that is not returned to Western.

3. Firm Peaking Rate: The P-SMBP-ED firm peaking rate is equal to the capacity charge for the firm power rate. The customer pays the capacity rate on their total firm peaking CROD each month rather than firm peaking delivered each month. Contract terms vary among firm peaking customers with respect to return of peaking energy. One customer returns all peaking energy, while the other peaking customers may pay for 20% to 40% of the peaking energy they use and return the rest to Western. When a peaking customer keeps peaking energy the rate paid is the same as the firm energy rate.

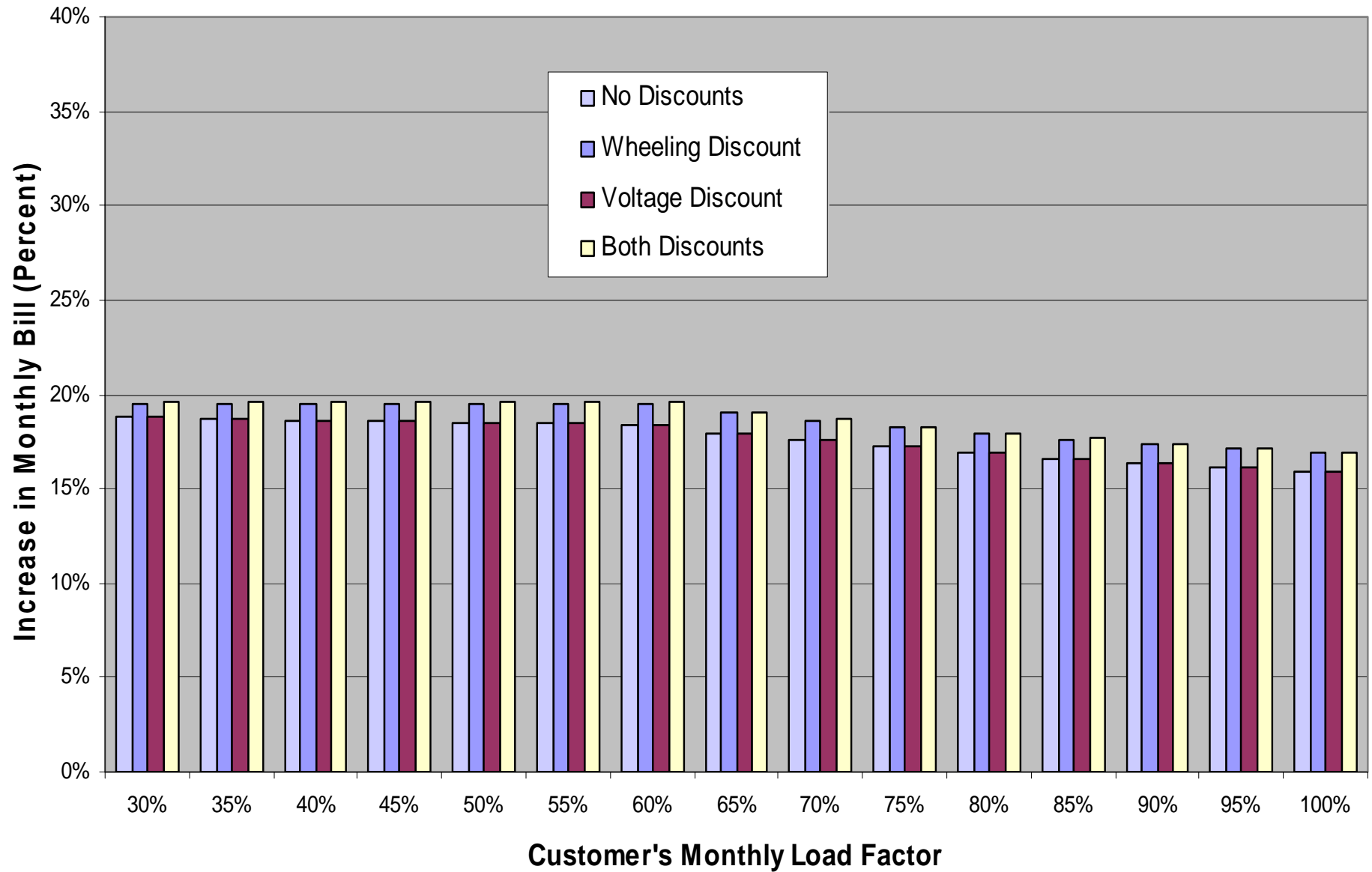
B. Impact to Customers of Proposed P-SMBP-ED Firm Electric Service Rate

Adjustment: The graphs on the following pages show the impact of the proposed rate adjustment to firm power customers. The first graph shows the impact in terms of percentage increase in monthly bill and shows the rate impact is just over 15% for those customers with monthly load factors (MLF) at or above 60%, but is higher for those customers with MLF below 60% showing an impact of just below 20%. The second graph shows that in terms of the effective rate for average monthly energy, those customers with a higher load factor have a lower

effective rate when compared to lower load factor loads. This is the result of spreading a fixed monthly capacity charge over more kilowatthours as load factor increases.

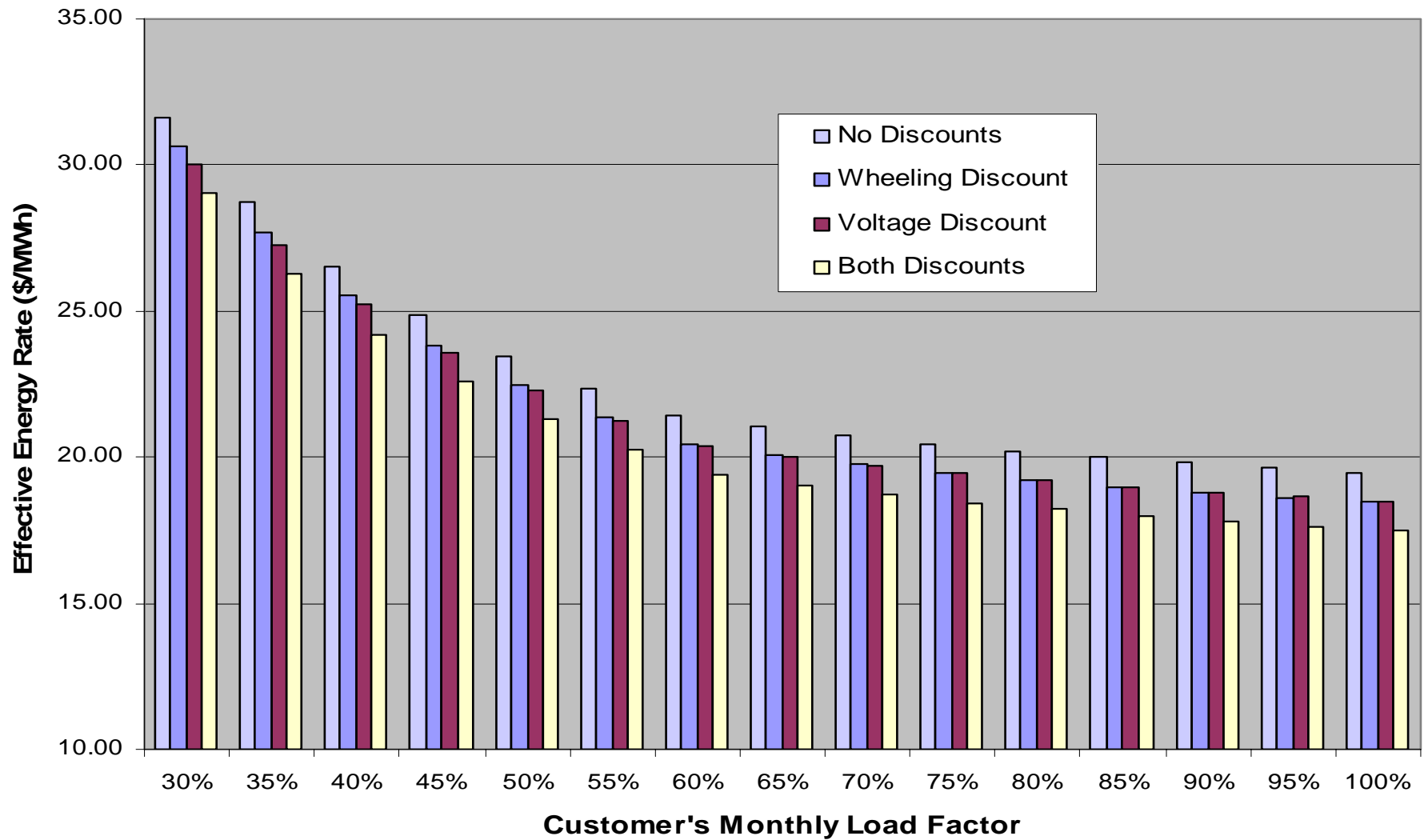
# Impact of FY2006 Rate Adjustment

(Percent Increase in monthly bill)



# Impact of FY2006 Rate Adjustment

(Effective Energy Rate)



## **APPENDIX A**

## **RATE ADJUSTMENT PROCEDURES**

Western's rate adjustment procedures are governed by the "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" (10 CFR Part 903). These procedures give interested parties an opportunity to participate in the development of power rates.

- I. **Notice of Proposed Rate and Consultation and Comment Period:** Initially, a notice of the Proposed Rate and official time for public participation must be published in the Federal Register. This title of this notice is Proposed Rates for Pick-Sloan Missouri Basin Program-Eastern Division, and establishes a consultation and comment period. This period begins on the publication date of the Federal Register notice (June 16, 2005) and closes 90 days later (September 14, 2005). During this period, interested parties may consult with and obtain information from Western's representatives. They may also examine data used in the power repayment studies and suggest changes. Specific details for providing comments are included in the Federal Register notice.
  - A. **Public Information Forum:** Western's representatives explain the Proposed Rate changes and answer questions. Those questions not answered at the information forum receive written responses at least 15 days prior to the end of the consultation and comment period.
  - B. **Public Comment Forum:** This forum provides a formal opportunity for interested parties to submit either written or oral comments to be shared with other attendees and Western representatives. Usually, Western does not respond to comments at this forum. However, comments are considered in developing the final rate.
  - C. **Written Comments:** Interested parties may submit written comments and inquiries to Western during the consultation and comment period.
  - D. **Revision of Proposed Rate:** After the close of the consultation and comment period, Western will review and consider comments. If appropriate, the Proposed Rate will be revised. If the Administrator determines that further public comment should be invited or is necessary, interested parties will be given a period of at least 30 days to submit additional comments concerning the Proposed Rate.
  - E. **Preliminary Decision on Interim Rate:** Following the end of the consultation and comment period, the Administrator will develop provisional rates. The Deputy Secretary of Energy for the Department of Energy (DOE) has the authority to confirm, approve, and place this rate into effect on an interim basis. The decision, together with an explanation of the principal factors leading to the decision, will be published in the Federal Register.

F. Final Approval of Interim Rate: The Deputy Secretary will submit information concerning the interim rate to the Federal Energy Regulatory Commission (FERC) and request final approval. The response of FERC will be to:

1. give final confirmation and approval to the interim rate,
2. disapprove the interim rate, or
3. remand the matter to Western for further study.

The interim rate does not become final until it is approved by FERC.



## **APPENDIX B**

## **PROPOSED SCHEDULE**

- Informal Customer Meetings took place May 10-11, 2005
- Public Process
  - FRN published June 16, 2005
  - 90 day comment period begins June 16, 2005, and ends September 14, 2005
- Information Forums
  - July 19, 2005, 10 a.m. MDT  
Radisson Stapleton Plaza  
3333 Quebec Street  
Denver, CO
  - July 20, 2005, 8 a.m. MDT  
Peru State College Center  
1111 O Street  
Lincoln, NE
  - July 20, 2005, 2 p.m. CDT  
Sheraton Hotel and Convention Center  
1211 West Avenue North  
Sioux Falls, SD
  - July 21, 2005, 9 a.m. CDT  
Doublewood Inn  
3333 13<sup>th</sup> Avenue South  
Fargo, ND
- Comment Forums
  - August 16, 2005, 9 a.m. MDT  
Radisson Stapleton Plaza  
3333 Quebec Street  
Denver, CO
  - August 17, 2005, 9 a.m. CDT  
Sheraton Hotel and Convention Center  
1211 West Avenue North  
Sioux Falls, SD
- Record of Decision (December 2005)
- Implement rate January 1, 2006

## **APPENDIX C**

## **PROJECT DESCRIPTION**

The Pick-Sloan Missouri Basin Program (P-SMBP) was authorized by Congress in Section 9 of the Flood Control Act of December 22, 1944, commonly referred to as the 1944 Flood Control Act. The multipurpose program provides flood control, irrigation, navigation, recreation, preservation and enhancement of fish and wildlife and power generation. Multipurpose projects have been developed on the Missouri River and its tributaries in Colorado, Montana, Nebraska, North Dakota, South Dakota and Wyoming.

In addition to the multipurpose water projects authorized by Section 9 of the Flood Control Act of 1944, certain other existing projects have been integrated with the P-SMBP for power marketing, operation and repayment purposes. The Colorado-Big Thompson, Kendrick, and Shoshone Projects were combined with the P-SMBP in 1954, followed by the North Platte Project in 1959. These projects are referred to as the “Integrated Projects” of P-SMBP.

The Flood Control act of 1944 also authorized the inclusion of the Fort Peck Project with the P-SMBP for operation and repayment purposes. The Riverton Project was integrated with the P-SMBP in 1954, and in 1970 was reauthorized as a unit of P-SMBP.

The P-SMBP is administered by two regions. The Upper Great Plains Region with a regional office in Billings, Montana, markets the Eastern Division of P-SMBP and the Rocky Mountain region with a regional office in Loveland, Colorado, markets the Western Division of P-SMBP. The Upper Great Plains Region markets power in western Iowa, Montana east of the Continental Divide, North Dakota, South Dakota, and the eastern two-thirds of Nebraska. The Rocky Mountain Region markets P-SMBP power in northeastern Colorado, east of the Continental Divide in Wyoming, west of the 101<sup>st</sup> meridian in Nebraska and northern

Kansas. P-SMBP power is marketed to approximately 300 firm power customers by the Upper Great Plains Region and approximately 40 firm power customers by the Rocky Mountain Region.

**EXHIBIT 1**

PICK-SLOAN MISSOURI BASIN PROGRAM  
FY 2004 Final Power Repayment Study  
January 2005

10/1/94 to 9/30/02 @ 14.54 mKWh  
1/1/04 to 9/30/04 @ 16.33 mKWh  
10/1/04 to 1/06 @ 16.80 mKWh  
1/06 to End of PRS @ 18.76 mKWh

(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)		
	EXPENSES											Capitalized Deficits					Replacements/Retirements					Investment Additions					Aid to Irrigation					
Fiscal Year	Total Revenue	Operations & Maintenance Expense	Purchased Power Expense	Transmission Service Expense	Other Expense	Integrated Projects	Interest Expense	Total Expenses	Prior Year Adjustments	Revenue After Annual Expenses	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investment	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Fiscal Year	
1944	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1944	
1945	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1945	
1946	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1946	
1947	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1947	
1948	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1948	
1949	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1949	
1950	4,032,802	1,718,811	62,415	0	343,100	0	630,866	2,755,192	0	1,277,610	0	0	0	0	0	0	0	0	0	0	0	1,277,610	5,466,295	6,743,905	6,743,905	6,743,905	0	5,656,000	5,656,000	5,656,000	5,656,000	1950
1951	1,403,546	635,978	2,955	0	115,039	0	163,989	917,961	(2,555)	483,030	0	0	0	0	0	0	0	0	0	0	0	483,030	13,869,155	15,629,795	15,629,795	8,885,890	0	5,656,000	5,656,000	5,656,000	0	1951
1952	2,371,956	995,925	2,349	0	226,107	0	416,075	1,640,456	(14,076)	717,424	0	0	0	0	0	0	0	0	0	0	0	717,424	28,392,029	30,870,093	30,870,093	15,240,298	0	22,145,000	22,145,000	22,145,000	16,489,000	1952
1953	6,404,960	1,944,342	397,234	0	433,174	2,033,340	851,761	5,659,851	(28,897)	716,212	0	0	0	0	0	0	0	0	0	0	0	716,212	51,354,530	54,548,806	54,548,806	23,678,713	0	22,597,000	22,597,000	22,597,000	452,000	1953
1954	8,201,212	2,429,876	312,303	0	551,812	4,070,899	1,540,636	8,905,526	(4,375)	(708,689)	0	0	0	0	0	0	0	0	0	0	0	(708,689)	111,025,578	113,511,165	113,511,165	58,962,359	0	23,697,000	23,697,000	23,697,000	1,100,000	1954
1955	11,464,055	3,287,766	509,408	0	830,987	3,993,835	3,330,767	11,952,763	(61,226)	(549,934)	0	0	0	0	0	0	0	0	0	0	0	(549,934)	200,033,933	201,969,586	201,969,586	88,458,421	0	25,210,000	25,210,000	25,210,000	1,513,000	1955
1956	14,583,175	3,993,721	942,728	0	1,064,791	4,640,456	6,001,018	16,642,714	(69,873)	(2,129,412)	0	0	0	0	0	0	0	0	0	0	0	(2,129,412)	340,225,713	340,031,954	340,031,954	138,062,368	0	47,606,000	47,606,000	47,606,000	22,396,000	1956
1957	18,605,674	4,755,824	1,548,986	0	1,646,362	4,687,690	10,176,258	22,815,120	(157,367)	(4,366,813)	0	0	0	0	0	0	0	0	0	0	0	(4,366,813)	358,305,378	353,744,806	353,744,806	13,712,852	0	85,267,000	85,267,000	85,267,000	37,661,000	1957
1958	21,383,943	5,514,715	1,282,583	0	1,532,389	5,077,549	9,326,383	22,733,619	572,419	(777,257)	0	0	0	0	0	0	0	0	0	0	0	(777,257)	396,580,114	391,242,285	391,242,285	37,497,479	0	91,816,000	91,816,000	91,816,000	6,549,000	1958
1959	21,686,893	6,372,603	616,995	0	1,597,729	5,381,682	11,897,667	25,866,676	(84,709)	(4,264,492)	0	0	0	0	0	0	0	0	0	0	0	(4,264,492)	397,907,346	388,305,025	388,305,025	(2,937,260)	0	96,352,000	96,352,000	96,352,000	4,536,000	1959
1960	22,263,696	6,640,686	353,898	0	1,706,602	5,534,785	11,937,220	26,173,191	315	(3,909,180)	0	0	0	0	0	0	0	0	0	0	0	(3,909,180)	421,497,332	407,985,831	407,985,831	19,680,806	0	162,857,000	162,857,000	162,857,000	66,505,000	1960
1961	25,237,450	7,072,309	1,969,522	0	1,401,148	4,977,077	12,644,920	28,064,976	(161,813)	(2,989,339)	0	0	0	0	0	0	0	0	0	0	0	(2,989,339)	513,901,023	497,400,183	497,400,183	89,414,352	0	162,857,000	162,857,000	162,857,000	0	1961
1962	27,283,525	7,503,606	2,777,545	0	1,541,614	4,505,245	15,417,031	31,745,041	7,157	(4,454,359)	0	0	0	0	0	0	0	0	0	0	0	(4,454,359)	577,126,325	556,386,357	556,386,357	58,986,174	0	169,921,000	169,921,000	169,921,000	7,064,000	1962
1963	29,903,437	8,218,813	561,752	0	8,303,674	5,950,035	16,423,889	39,458,163	19,898,222	10,343,496	0	0	0	0	0	0	0	0	0	0	0	10,343,496	678,689,573	668,077,870	668,077,870	111,691,513	0	204,433,000	204,433,000	204,433,000	34,512,000	1963
1964	33,945,191	8,330,627	647,848	0	9,211,431	5,710,035	20,360,687	44,260,628	10,579,302	263,865	0	0	0	0	0	0	0	0	0	0	0	263,865	697,356,149	687,008,311	687,008,311	18,930,441	0	222,897,000	222,897,000	222,897,000	18,464,000	1964
1965	38,498,293	10,379,471	498,395	0	9,720,934	5,421,253	20,920,684	46,940,737	9,543,062	1,100,618	0	0	0	0	0	0	0	0	0	0	0	1,100,618	770,341,109	761,093,889	761,093,889	74,085,578	0	222,897,000	222,897,000	222,897,000	0	1965
1966	45,555,123	11,167,852	691,346	0	8,152,350	4,712,528	19,728,389	44,452,465	7,756,144	8,858,802	0	0	0	0	0	0	0	0	0	0	0	8,858,802	827,381,359	826,992,941	826,992,941	65,899,052	0	228,396,000	228,396,000	228,396,000	5,499,000	1966
1967	48,934,452	12,208,793	1,440,064	0	4,628,080	5,733,777	21,134,129	45,144,843	4,556,681	8,346,290	0	0	0	0	0	0	0	0														

PICK-SLOAN MISSOURI BASIN PROGRAM  
FY 2004 Final Power Repayment Study  
January 2005

10/1/94 to 9/30/02 @ 14.54 m/kWh  
1/1/04 to 9/30/04 @ 16.33 m/kWh  
10/1/04 to 1/06 @ 16.80 m/kWh  
1/06 to End of PRS @ 18.76 m/kWh

1/06 to End of PRS @ 18.76 m/kWh																																
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	
		EXPENSES										Capitalized Deficits					Replacements/Retirements					Investment Additions					Aid to Irrigation					
Fiscal Year	Total Revenue	Operations & Maintenance Expense	Purchased Power Expense	Transmission Service Expense	Other Expense	Integrated Projects	Interest Expense	Total Expenses	Prior Year Adjustments	Revenue After Annual Expenses	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investment	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Fiscal Year	
2035	318,370,786	151,361,655	0	11,266,606			3,300,144	165,928,405	0	152,442,381	0	0	0	524,188,220	0	40,724,748	0	781,163,211	941,115,850	40,724,748	109,870,608	33,493,152	1,373,566,211	2,524,972,785	0	1,847,025	1,495,245,475	1,500,285,475	1,613,106,073	63,372,000	2035	
2036	318,414,186	151,361,655	0	11,266,606			553,379	163,181,640	0	152,442,381	0	0	0	524,188,220	0	4,754,732	0	770,137,710	945,870,582	4,754,732	31,725,169	1,767,983	1,287,858,296	2,524,972,785	0	118,752,645	1,439,864,830	1,562,680,308	1,676,478,073	63,372,000	2036	
2037	318,434,086	151,361,655	0	11,266,606			0	162,628,261	0	155,805,825	0	0	0	524,188,220	0	41,003,016	0	754,792,471	986,873,598	41,003,016	0	1,767,983	1,280,142,988	2,524,972,785	0	114,802,809	1,388,434,021	1,623,324,881	1,739,850,073	63,372,000	2037	
2038	318,504,286	151,361,655	0	11,266,606			0	162,628,261	0	155,876,025	0	0	0	524,188,220	0	17,249,631	0	748,273,385	1,004,123,229	17,249,631	0	1,767,983	1,109,914,057	2,524,972,785	0	138,626,394	1,313,179,627	1,629,524,881	1,803,222,073	63,372,000	2038	
2039	318,498,986	151,361,655	0	11,266,606			0	162,628,261	0	155,870,725	0	0	0	524,188,220	0	25,353,842	0	760,072,052	1,029,477,071	25,353,842	0	1,767,983	1,030,550,063	2,524,972,785	0	130,516,883	1,246,034,744	1,692,655,373	1,866,594,073	63,372,000	2039	
2040	307,606,103	151,361,655	0	11,027,352			0	162,389,007	0	145,217,096	0	0	0	524,188,220	0	37,214,984	0	769,944,879	1,066,692,055	37,214,984	0	1,767,983	941,430,440	2,524,972,785	0	108,002,112	1,201,404,632	1,755,560,666	1,929,966,073	63,372,000	2040	
2041	307,520,303	151,361,655	0	11,027,352			0	162,389,007	0	145,131,296	0	0	0	524,188,220	0	8,875,317	0	758,065,780	1,075,567,372	8,875,317	0	1,767,983	909,598,908	2,524,972,785	0	136,255,979	1,128,520,653	1,818,736,842	1,993,338,073	63,372,000	2041	
2042	307,566,203	151,361,655	0	11,027,352			0	162,389,007	0	145,177,196	0	0	0	524,188,220	0	12,685,458	0	748,839,899	1,088,252,830	12,685,458	0	1,767,983	835,475,692	2,524,972,785	0	132,491,738	1,059,400,915	1,882,387,338	2,056,710,073	63,372,000	2042	
2043	307,584,403	151,361,655	0	11,027,352			0	162,389,007	0	145,195,396	0	0	0	524,188,220	0	9,944,537	0	728,446,104	1,098,197,367	9,944,537	0	1,767,983	764,218,554	2,524,972,785	0	135,250,859	987,522,056	1,945,581,116	2,120,082,073	63,372,000	2043	
2044	307,630,303	151,361,655	0	11,027,352			0	162,389,007	0	145,241,296	0	0	0	524,188,220	0	18,397,758	0	735,657,958	1,116,595,125	18,397,758	0	1,767,983	691,327,427	2,524,972,785	0	126,843,538	924,050,518	2,008,783,633	2,183,454,073	63,372,000	2044	
2045	307,622,503	151,361,655	0	11,027,352			0	162,389,007	0	145,233,496	0	0	0	524,188,220	0	20,663,711	0	738,290,049	1,137,258,836	20,663,711	0	1,767,983	570,275,061	2,524,972,785	0	124,569,785	862,852,733	1,824,074,519	2,246,826,073	63,372,000	2045	
2046	307,694,403	151,361,655	0	11,027,352			0	162,389,007	0	145,305,396	0	0	0	524,188,220	0	21,322,997	0	744,728,748	1,158,581,833	21,322,997	0	1,767,983	542,298,192	2,524,972,785	0	123,982,399	802,242,334	1,773,859,733	2,310,198,073	63,372,000	2046	
2047	307,715,103	151,361,655	0	11,027,352			0	162,389,007	0	145,326,096	0	0	0	524,188,220	0	18,322,678	0	756,468,857	1,176,904,511	18,322,678	0	1,767,983	518,822,253	2,524,972,785	0	127,003,418	738,610,916	1,786,174,296	2,373,570,073	63,372,000	2047	
2048	307,758,503	151,361,655	0	11,027,352			0	162,389,007	0	145,369,496	0	0	0	524,188,220	0	36,209,756	0	756,130,266	1,213,114,267	36,209,756	0	1,767,983	498,979,883	2,524,972,785	0	109,159,740	692,823,176	1,849,224,248	2,436,942,073	63,372,000	2048	
2049	307,805,203	151,361,655	0	11,027,352			0	162,389,007	0	145,416,196	0	0	0	524,188,220	0	8,781,134	0	759,938,743	1,221,895,401	8,781,134	0	1,767,983	474,689,943	2,524,972,785	0	136,635,062	619,560,114	1,912,956,248	2,500,314,073	63,372,000	2049	
2050	307,822,603	151,361,655	0	11,027,352			0	162,389,007	0	145,433,596	0	0	0	524,188,220	0	6,707,900	0	760,854,329	1,228,603,301	6,707,900	0	1,767,983	440,313,180	2,524,972,785	0	138,725,696	544,206,418	1,942,309,917	2,563,686,073	63,372,000	2050	
2051	307,817,303	151,361,655	0	11,027,352			0	162,389,007	0	145,428,296	0	0	0	524,188,220	0	11,776,899	0	759,585,512	1,240,380,200	11,776,899	0	1,767,983	411,646,328	2,524,972,785	0	133,651,397	473,927,021	2,004,280,805	2,627,058,073	63,372,000	2051	
2052	307,912,703	151,361,655	0	11,027,352			0	162,389,007	0	145,523,696	0	0	0	524,188,220	0	32,069,859	0	759,479,077	1,272,450,059	32,069,859	0	1,767,983	384,352,804	2,524,972,785	0	113,453,837	423,845,184	1,980,726,805	2,690,430,073	63,372,000	2052	
2053	307,907,403	151,361,655	0	11,027,352			0	162,389,007	0	145,518,396	0	0	0	524,188,220	0	27,701,277	0	778,944,039	1,300,151,336	27,701,277	0	1,767,983	364,180,868	2,524,972,785	0	117,817,119	369,400,065	2,042,175,531	2,753,802,073	63,372,000	2053	
2054	307,927,303	151,361,655	0	11,027,352			0	162,389,007	0	145,538,296	0	0	0	524,188,220	0	78,635,869	0	800,463,777	1,378,787,205	78,635,869	0	1,767,983	339,832,664	2,524,972,785	0	66,902,427	365,869,638	2,100,555,800	2,817,174,073	63,372,000	2054	
2055	307,971,503	151,361,655	0	11,027,352			0	162,389,007	0	145,582,496	0	0	0	524,188,220	0	24,706,013	0	805,769,121	1,403,493,218	24,706,013	0	1,767,983	205,275,861	2,524,972,785	0	120,876,483	308,365,155	2,164,287,800	2,880,546,073	63,372,000	2055	
2056	308,017,403	151,361,655	0	11,027,352			0	162,389,007	0	145,628,396	0	0	0	524,188,220	0	16,767,642	0	808,689,472	1,420,260,860	16,767,642	0	1,767,983										



**EXHIBIT 2**

**PICK-SLOAN MISSOURI BASIN PROGRAM**  
**2006 Rate Setting Power Repayment Study**  
**April 2005**

10/1/94 to 9/30/02 @	14.54 m/kWh
1/1/04 to 9/30/04 @	16.33 m/kWh
10/1/04 to 1/06 @	16.80 m/kWh
1/06 to 1/07 @	18.76 m/kWh
1/07 to End of PRS @	19.83 m/kWh

1/07 to End of PRS @ 19.83 m/kWh																																					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)						
EXPENSES											Capitalized Deficits					Replacements/Retirements					Investment Additions					Aid to Irrigation											
Fiscal Year	Total Revenue	Operations & Maintenance Expense	Purchased Power Expense	Transmission Service Expense	Other Expense	Integrated Projects	Interest Expense	Total Expenses	Prior Year Adjustments	Revenue After Annual Expenses	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investment	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Fiscal Year						
1944	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1944						
1945	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1945						
1946	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1946						
1947	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1947						
1948	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1948						
1949	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1949						
1950	4,032,802	1,718,811	62,415	0	343,100	0	630,866	2,755,192		1,277,610	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,277,610	5,466,295	6,743,905	6,743,905	6,743,905	0	5,656,000	5,656,000	5,656,000	5,656,000	1950	
1951	1,403,546	635,978	2,955	0	115,039	0	163,989	917,961	(2,555)	483,030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	483,030	13,869,155	15,629,795	15,629,795	15,629,795	8,885,890	0	5,656,000	5,656,000	5,656,000	0	1951
1952	2,371,956	995,925	2,349	0	226,107	0	416,075	1,640,456	(14,076)	717,424	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	717,424	28,392,029	30,870,093	30,870,093	30,870,093	15,240,298	0	5,656,000	5,656,000	5,656,000	16,489,000	1952
1953	6,404,960	1,944,342	397,234	0	433,174	2,033,340	851,761	5,659,851	(28,897)	716,212	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	716,212	51,354,530	54,548,806	54,548,806	54,548,806	23,678,713	0	5,656,000	5,656,000	5,656,000	452,000	1953
1954	8,201,212	2,429,876	312,303	0	551,812	4,070,899	1,540,636	8,905,526	(4,375)	(708,689)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(708,689)	11,025,578	11,511,165	11,511,165	11,511,165	58,962,359	0	5,656,000	5,656,000	5,656,000	1,100,000	1954
1955	11,464,055	3,287,766	509,408	0	830,987	3,993,835	3,330,767	11,952,763	(61,226)	(549,934)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(549,934)	200,033,933	201,969,586	201,969,586	201,969,586	88,458,421	0	5,656,000	5,656,000	5,656,000	1,513,000	1955
1956	14,583,175	3,993,721	942,728	0	1,064,791	4,640,456	6,001,018	16,642,714	(69,873)	(2,129,412)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,129,412)	340,225,713	340,031,954	340,031,954	340,031,954	138,062,368	0	5,656,000	5,656,000	5,656,000	22,396,000	1956
1957	18,605,674	4,755,824	1,548,986	0	1,646,362	4,687,690	10,176,258	22,815,120	(157,367)	(4,366,813)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(4,366,813)	358,305,378	353,744,806	353,744,806	353,744,806	13,712,852	0	5,656,000	5,656,000	5,656,000	37,661,000	1957
1958	21,383,943	5,514,715	1,282,583	0	1,532,389	5,077,549	9,326,383	22,733,619	(777,257)	(777,257)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(777,257)	396,580,114	391,242,285	391,242,285	391,242,285	37,497,479	0	5,656,000	5,656,000	5,656,000	6,549,000	1958
1959	21,686,893	6,372,603	616,995	0	1,597,729	5,381,682	11,897,667	25,866,676	(84,709)	(4,264,492)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(4,264,492)	397,907,346	388,305,025	388,305,025	388,305,025	(2,937,260)	0	5,656,000	5,656,000	5,656,000	4,536,000	1959
1960	22,263,696	6,640,686	353,898	0	1,706,602	5,534,785	11,937,220	26,173,191	315	(3,909,180)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(3,909,180)	421,497,332	407,985,831	407,985,831	407,985,831	19,680,806	0	5,656,000	5,656,000	5,656,000	66,505,000	1960
1961	25,237,450	7,072,309	1,969,522	0	1,401,148	4,977,077	12,644,920	28,064,976	(161,813)	(2,989,339)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,989,339)	513,901,023	497,400,183	497,400,183	497,400,183	89,414,352	0	5,656,000	5,656,000	5,656,000	0	1961
1962	27,283,525	7,503,606	2,777,545	0	1,541,614	4,505,245	15,417,031	31,745,041	7,157	(4,454,359)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(4,454,359)	577,126,325	556,386,357	556,386,357	556,386,357	98,986,174	0	5,656,000	5,656,000	5,656,000	7,064,000	1962
1963	29,903,437	8,218,813	561,752	0	8,303,674	5,950,035	16,423,889	39,458,163	19,898,222	10,343,496	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,343,496	678,689,573	668,077,870	668,077,870	668,077,870	111,691,513	0	5,656,000	5,656,000	5,656,000	34,512,000	1963
1964	33,945,191	8,330,627	647,848	0	9,211,431	5,710,035	20,360,687	44,260,628	10,579,302	263,865	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	263,865	697,356,149	687,008,311	687,008,311	687,008,311	18,930,441	0	5,656,000	5,656,000	5,656,000	18,464,000	1964
1965	38,498,293	10,379,471	498,395	0	9,072,934	5,421,253	20,920,684	46,940,737	9,543,062	1,100,618	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,100,618	770,341,109	761,093,889	761,093,889	761,093,889	74,085,578	0	5,656,000	5,656,000	5,656,000	0	1965
1966	45,555,123	11,167,852	691,346	0	8,152,350	4,712,528	19,728,389	44,452,465	7,756,144	8,858,802	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,858,802	827,381,359	826,992,941	826,992,941	826,992,941	65,899,052	0	5,656,000	5,656,000	5,656,000	5,499,000	1966
1967	48,934,452	12,208,793	1,440,064	0	4,628,080	5,733,777	21,134,129	45,144,843	4,556,681	8,346,290	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,346,290	861,389,399	869,347,272	869,347,272	869,347,272	42,354,331	0	5,656,000	5,656,000	5,656,000	15,837,000	1967
1968	56,163,293	12,717,982	1,457,697	0	4,955,440	4,605,168	22,098,051	45,834,338	4,041,600	14,370,555	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14,370,555	859,949,303	882,277,731	882,277,731	882,277,731	12,930,459	0	5,656,000	5,656,000	5,656,000	1,579,000	1968
1969	60,471,540	14,861,608	1,776,630	0	5,220,924	4,815,777	22,013,054	48,687,993	5,575,747	17,359,294	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17,359,294	850,779,694	890,467,416	890,467,416	890,467,416	8,189,685	0	5,656,000	5,656,000	5,656,000	0	1969
1970	67,757,201	15,630,039	2,279,489	0	5,205,903	5,605,760	21,730,603	50,451,791	9,929,891	23,235,301	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23,235,301	828,706,123	891,629,146	891,629,146	891,629,146	1,161,730	0	5,656,000	5,656,000	5,656,000	0	1970
1971	75,286,588	17,309,204	2,107,587	0	5,128,872	5,607,865	21,092,425	51,245,953	3,955,391	27,996,026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27,996,026	814,673,158	905,592,207	905,592,207	905,592,207	13,963,061	0	5,656,000	5,656,000	5,656,000	20,609,000	1971
1972	81,476,861	18,936,186	1,638,988	0	5,176,184	6,148,026	20,646,341	52,545,725	5,563,340	34,494,476	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	34,494,476	806,773,652	932,187,177	932,187,177	932,187,177	26,594,970	0	5,656,000	5,656,000	5,656,000	0	1972
1973	75,926,400	20,980,605	3,222,065	0	(78,694,643)	6,009,053	20,285,737	(28,197,183)	(72,094,532)	32,029,051	0	0	0	0	0	9,012,728	0	9,012,728	9,012,728	9,012,728	9,012,728	9,012,728	9,012,728	9,012,728	9,012,728	23,016,323	784,719,173	933,149,021	933,149,021	933,149,021	961,844	0	5,656,000	5,656,000	5,656,000	0	1973
1974	79,465,446	21,358,557	6,475,886	0	0	6,470,029	19,619,122	53,923,394	303,199	25,845,251	0	0	0	0	0	1,034,986	0	1,034,986	1,034,986	1,034,986	1,034,986	1,034,986	1,034,986	1,034,986	1,034,986	24,810,265	791,472,019	964,712,132	964,712,132	964,712,132	31,563,111	0	5,656,000	5,656,000	5,656,000	0	1974
1975	91,429,189	23,905,035	4,331,350	0	0	7,504,375	20,140,565	55,881,325	97,397	35,645,261	0	0	0	0	0	10,757,855	0	10,757,855	10,757,855	10,757,855	10,757,855	10,757,855	10,757,855	10,757,855	10,757,855	34,935,120	760,073,532	968,248,764	968,248,764	968,248,764	3,356,632	0	5,656,000	5,656,000	5,656,000	0	1975
1976	157,438,809	33,134,748	1,664,373	0	0	9,623,785	23,336,715	67,759,621	403,671	90,082,859	0	0	0	0	0	443,598	0																				

PICK-SLOAN MISSOURI BASIN PROGRAM  
2006 Rate Setting Power Repayment Study  
April 2005

10/1/94 to 9/30/02 @ 14.54 m/kWh  
1/1/04 to 9/30/04 @ 16.33 m/kWh  
10/1/04 to 1/06 @ 16.80 m/kWh  
1/06 to 1/07 @ 18.76 m/kWh  
1/07 to End of PRS @ 19.83 m/kWh

1/07 to End of PRS @ 19.83 m/kWh																															
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
	EXPENSES									Capitalized Deficits					Replacements/Retirements					Investment Additions					Aid to Irrigation						
Fiscal Year	Total Revenue	Operations & Maintenance Expense	Purchased Power Expense	Transmission Service Expense	Other Expense	Integrated Projects	Interest Expense	Total Expenses	Prior Year Adjustments	Revenue After Annual Expenses	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investment	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Principal Payment	Unpaid Balance	Allowable Unpaid Balance	Cumulative Balance	Incremental Investments	Fiscal Year
2035	330,484,056	154,577,043	0	11,266,606			0	165,843,649	0	164,640,407	0	0	0	550,472,611	0	40,724,748	0	781,163,211	941,115,850	40,724,748	0	1,767,983	1,379,259,229	2,530,665,803	0	123,915,659	1,258,280,193	1,500,285,475	1,613,106,073	63,372,000	2035
2036	330,522,956	154,577,043	0	11,266,606			0	165,843,649	0	164,679,307	0	0	0	550,472,611	0	4,754,732	0	770,137,710	945,870,582	4,754,732	0	1,767,983	1,293,551,314	2,530,665,803	0	159,924,575	1,161,727,618	1,562,680,308	1,676,478,073	63,372,000	2036
2037	330,538,356	154,577,043	0	11,266,606			0	165,843,649	0	164,694,707	0	0	0	550,472,611	0	41,003,016	0	754,792,471	986,873,598	41,003,016	0	1,767,983	1,285,836,006	2,530,665,803	0	123,691,691	1,101,407,927	1,623,324,881	1,739,850,073	63,372,000	2037
2038	330,550,556	154,577,043	0	11,266,606			0	165,843,649	0	164,706,907	0	0	0	550,472,611	0	17,249,631	0	748,273,385	1,004,123,229	17,249,631	0	1,767,983	1,115,607,075	2,530,665,803	0	147,457,276	1,017,322,651	1,629,524,881	1,803,222,073	63,372,000	2038
2039	330,591,256	154,577,043	0	11,266,606			0	165,843,649	0	164,747,607	0	0	0	550,472,611	0	25,353,842	0	760,072,052	1,029,477,071	25,353,842	0	1,767,983	1,036,243,081	2,530,665,803	0	139,393,765	941,300,886	1,692,655,373	1,866,594,073	63,372,000	2039
2040	319,453,143	154,577,043	0	11,027,352			0	165,604,395	0	153,848,748	0	0	0	550,472,611	0	37,214,984	0	769,944,879	1,066,692,055	37,214,984	0	1,767,983	947,123,458	2,530,665,803	0	116,633,764	888,039,122	1,755,560,666	1,929,966,073	63,372,000	2040
2041	319,361,343	154,577,043	0	11,027,352			0	165,604,395	0	153,756,948	0	0	0	550,472,611	0	8,875,317	0	758,065,780	1,075,567,372	8,875,317	0	1,767,983	915,291,926	2,530,665,803	0	144,881,631	806,529,491	1,818,736,842	1,993,338,073	63,372,000	2041
2042	319,402,743	154,577,043	0	11,027,352			0	165,604,395	0	153,798,348	0	0	0	550,472,611	0	12,685,458	0	748,839,899	1,088,252,830	12,685,458	0	1,767,983	841,168,710	2,530,665,803	0	141,112,890	728,788,601	1,882,387,338	2,056,710,073	63,372,000	2042
2043	319,414,943	154,577,043	0	11,027,352			0	165,604,395	0	153,810,548	0	0	0	550,472,611	0	9,944,537	0	728,446,104	1,098,197,367	9,944,537	0	1,767,983	769,911,572	2,530,665,803	0	143,866,011	648,294,590	1,945,581,116	2,120,082,073	63,372,000	2043
2044	319,430,343	154,577,043	0	11,027,352			0	165,604,395	0	153,825,948	0	0	0	550,472,611	0	18,397,758	0	735,657,958	1,116,595,125	18,397,758	0	1,767,983	697,020,445	2,530,665,803	0	135,428,190	576,238,400	2,008,783,633	2,183,454,073	63,372,000	2044
2045	319,442,543	154,577,043	0	11,027,352			0	165,604,395	0	153,838,148	0	0	0	550,472,611	0	20,663,711	0	738,290,049	1,137,258,836	20,663,711	0	1,767,983	575,968,079	2,530,665,803	0	133,174,437	506,435,963	1,824,074,519	2,246,826,073	63,372,000	2045
2046	319,509,943	154,577,043	0	11,027,352			0	165,604,395	0	153,905,548	0	0	0	550,472,611	0	21,322,997	0	744,728,748	1,158,581,833	21,322,997	0	1,767,983	547,991,210	2,530,665,803	0	132,582,551	437,225,412	1,773,859,733	2,310,198,073	63,372,000	2046
2047	319,524,643	154,577,043	0	11,027,352			0	165,604,395	0	153,920,248	0	0	0	550,472,611	0	18,322,678	0	756,468,857	1,176,904,511	18,322,678	0	1,767,983	524,511,811	2,530,665,803	0	135,597,570	364,999,842	1,786,174,296	2,373,570,073	63,372,000	2047
2048	319,537,543	154,577,043	0	11,027,352			0	165,604,395	0	153,933,148	0	0	0	550,472,611	0	36,209,756	0	756,130,266	1,213,114,267	36,209,756	0	1,767,983	504,660,925	2,530,665,803	0	117,723,392	310,648,450	1,849,224,248	2,436,942,073	63,372,000	2048
2049	319,604,243	154,577,043	0	11,027,352			0	165,604,395	0	153,999,848	0	0	0	550,472,611	0	8,781,134	0	759,938,743	1,221,895,401	8,781,134	0	1,767,983	480,334,023	2,530,665,803	0	145,218,714	228,801,736	1,912,956,248	2,500,314,073	63,372,000	2049
2050	319,617,143	154,577,043	0	11,027,352			0	165,604,395	0	154,012,748	0	0	0	550,472,611	0	6,707,900	0	760,854,329	1,228,603,301	6,707,900	0	1,767,983	445,960,720	2,530,665,803	0	147,304,848	144,868,888	1,942,309,917	2,563,686,073	63,372,000	2050
2051	319,605,843	154,577,043	0	11,027,352			0	165,604,395	0	154,001,448	0	0	0	550,472,611	0	11,776,899	0	759,585,512	1,240,380,200	11,776,899	0	1,767,983	417,280,885	2,530,665,803	0	142,224,549	66,016,339	2,004,280,805	2,627,058,073	63,372,000	2051
2052	319,670,743	154,577,043	0	11,027,352			0	165,604,395	0	154,066,348	0	0	0	550,472,611	0	32,069,859	0	759,479,077	1,272,450,059	32,069,859	0	1,767,983	389,506,640	2,530,665,803	0	121,996,489	7,391,850	1,980,726,805	2,690,430,073	63,372,000	2052
2053	319,685,443	154,577,043	0	11,027,352			0	165,604,395	0	154,081,048	0	0	0	550,472,611	0	27,701,277	0	778,944,039	1,300,151,336	27,701,277	0	1,767,983	369,851,660	2,530,665,803	0	70,763,850	0	2,042,175,531	2,753,802,073	63,372,000	2053
2054	319,700,843	154,577,043	0	11,027,352			0	165,604,395	0	154,096,448	0	0	0	550,472,611	0	78,635,869	0	800,463,777	1,378,787,205	78,635,869	0	1,767,983	345,320,190	2,530,665,803	0	63,372,000	0	2,100,555,800	2,817,174,073	63,372,000	2054
2055	319,739,043	154,577,043	0	11,027,352			0	165,604,395	0	154,134,648	0	0	0	550,472,611	0	24,706,013	0	805,769,121	1,403,493,218	24,706,013	0	1,767,983	224,909,648	2,530,665,803	0	63,372,000	0	2,164,287,800	2,880,546,073	63,372,000	2055
2056	319,780,443	154,577,043	0	11,027,352			0	165,604,395	0	154,176,048	0	0	0	550,472,611	0	16,767,642	0	808,689,472	1,												

**EXHIBIT 3**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**PICK-SLOAN MISSOURI BASIN PROGRAM--EASTERN DIVISION  
MONTANA, NORTH DAKOTA, SOUTH DAKOTA, MINNESOTA, IOWA, NEBRASKA**

**SCHEDULE OF RATES FOR FIRM POWER SERVICE**

**Effective:**

**First Step:** The first day of the first full billing period beginning on or after January 1, 2006, through December 31, 2006.

**Second Step:** Beginning on the first day of the first full billing period beginning on or after January 1, 2007, through December 31, 2009.

**Available:** Within the marketing area served by the Eastern Division of the Pick-Sloan Missouri Basin Program.

**Applicable:** To the power and energy delivered to customers as firm power service.

**Character:** Alternating current, 60 hertz, three phase, delivered and metered at the voltages and points established by contract.

**Monthly Rate:**

**First Step:**

**DEMAND CHARGE:** \$4.20 for each kilowatt per month (kWmo) of billing demand.

**ENERGY CHARGE:** 10.69 mills for each kilowatthour (kWh) for all energy delivered as firm power service. An additional charge of 5.21 mills per kWh (mills/kWh), for a total of 15.90 mills/kWh, will be assessed for all energy delivered as firm power service that is in excess of 60-percent monthly load factor and within the delivery obligations under the provisions of the power sales contract.

**BILLING DEMAND:** The billing demand will be as defined by the power sales contract.

## **Second Step:**

**DEMAND CHARGE:** \$4.45 for each kW-month of billing demand.

**ENERGY CHARGE:** 11.29 mills for each kWh for all energy delivered as firm power service. An additional charge of 5.21 mills/kWh for a total of 16.50 mills/kWh will be assessed for all energy delivered as firm power service that is in excess of 60-percent monthly load factor and within the delivery obligations under the provisions of the power sales contracts.

**BILLING DEMAND:** The billing demand will be as defined by the power sales contract.

### **Adjustments:**

**For Character and Conditions of Service:** Customers who receive deliveries at transmission voltage may in some instances be eligible to receive a 5-percent discount on capacity and energy charges when facilities are provided by the customer that result in a sufficient savings to Western to justify the discount. The determination of eligibility for receipt of the voltage discount shall be exclusively vested in Western.

**For Billing of Unauthorized Overruns:** For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual firm power and/or energy obligations, such overrun shall be billed at 10 times the above rate.

**For Power Factor:** None. The customer will be required to maintain a power factor at the point of delivery between 95-percent lagging and 95-percent leading.

**EXHIBIT 4**

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**PICK-SLOAN MISSOURI BASIN PROGRAM--EASTERN DIVISION  
MONTANA, NORTH DAKOTA, SOUTH DAKOTA, MINNESOTA, IOWA, NEBRASKA**

**SCHEDULE OF RATES FOR FIRM PEAKING POWER SERVICE**

**Effective:**

**First Step:** The first day of the first full billing period beginning on or after January 1, 2006, through December 31, 2006.

**Second Step:** Beginning on the first day of the first full billing period beginning on or after January 1, 2007, through December 31, 2009.

**Available:** Within the marketing area served by the Eastern Division of the Pick-Sloan Missouri Basin Program, to our customers with generating resources enabling them to use firm peaking power service.

**Applicable:** To the power sold to customers as firm peaking power service.

**Character:** Alternating current, 60 hertz, three phase, delivered and metered at the voltages and points established by contract.

**Monthly Rate:**

**First Step:**

**DEMAND CHARGE:** \$4.20 for each kilowatt per month (kWmo) of the effective contract rate of delivery for peaking power or the maximum amount scheduled, whichever is greater.

**ENERGY CHARGE:** 10.69 mills for each kilowatthour (kWh) for all energy scheduled for delivery without return.

**BILLING DEMAND:** The billing demand will be the greater of (1) the highest 30-minute integrated demand measured during the month up to, but not in excess of, the delivery obligation under the power sales contract, or (2) the contract rate of delivery.

**Second Step:**



**DEMAND CHARGE:** \$4.45 for each kW-month of the effective contract rate of delivery for peaking power or the maximum amount scheduled, whichever is greater.

**ENERGY CHARGE:** 11.29 mills for each kWh for all energy scheduled for delivery without return.

**BILLING DEMAND:** The billing demand will be the greater of (1) the highest 30-minute integrated demand measured during the month up to, but not in excess of, the delivery obligation under the power sales contract, or (2) the contract rate of delivery.

**Adjustments:**

**Billing for Unauthorized Overruns:** For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual obligation for peaking capacity and/or energy, such overrun shall be billed at 10 times the above rate.

**EXHIBIT 5**

## REDUCED FIRM PEAKING POWER RATE DESIGN COMPARED TO RATE PROPOSAL

	ED Peaking Demand Charge (\$/kW-mo)	ED Composite Rate (m/kWh)	ED Percent Change	Effective Date	Firm Power Demand Charge (\$/kW-mo)	Firm Power Energy Rate (m/kWh)	Firm Power Tiered Rate (m/kWh)
Two Step	4.20 4.45	18.47 19.54	11.9% 5.8%	Jan. 2006 Jan. 2007	4.20 4.45	10.69 11.29	5.21 5.21
Two Step Peaking Power Reduction	3.72 3.94	18.71 19.79	13.3% 5.8%	Jan. 2006 Jan. 2007	4.32 4.58	10.69 11.29	5.21 5.21

# 1<sup>st</sup> Step of Reduced Firm Peaking Power Rate Design Impact

Includes Voltage and Wheeling Discounts

Monthly Load Factor	Proposal Charge \$/MWh	Reduced Peaking Charge \$/MWh	Difference in \$/MWh
30%	\$27.37	\$27.90	\$0.53
35%	\$24.77	\$25.22	\$0.45
40%	\$22.82	\$23.21	\$0.39
45%	\$21.30	\$21.65	\$0.35
50%	\$20.09	\$20.40	\$0.31
55%	\$19.09	\$19.38	\$0.29
60%	\$18.27	\$18.53	\$0.26
65%	\$17.95	\$18.19	\$0.24
70%	\$17.67	\$17.89	\$0.22
75%	\$17.43	\$17.64	\$0.21
80%	\$17.23	\$17.42	\$0.19
85%	\$17.04	\$17.23	\$0.19
90%	\$16.88	\$17.05	\$0.17
95%	\$16.73	\$16.90	\$0.17
100%	\$16.60	\$16.76	\$0.16

# 2<sup>nd</sup> Step of Reduced Firm Peaking Power Rate Design Impact

Includes Voltage and Wheeling Discounts

Monthly Load Factor	Proposal Charge \$/MWh	Reduced Peaking Charge \$/MWh	Difference in \$/MWh
30%	\$29.03	\$29.59	\$0.56
35%	\$26.27	\$26.75	\$0.48
40%	\$24.20	\$24.63	\$0.43
45%	\$22.59	\$22.97	\$0.38
50%	\$21.31	\$21.65	\$0.34
55%	\$20.25	\$20.56	\$0.31
60%	\$19.38	\$19.66	\$0.28
65%	\$19.02	\$19.28	\$0.26
70%	\$18.71	\$18.95	\$0.24
75%	\$18.44	\$18.66	\$0.22
80%	\$18.20	\$18.41	\$0.21
85%	\$17.99	\$18.19	\$0.20
90%	\$17.81	\$18.00	\$0.19
95%	\$17.64	\$17.82	\$0.18
100%	\$17.50	\$17.67	\$0.17

